

STATEMENT OF JAMES C. DINEGAR
PRESIDENT & CEO
GREATER WASHINGTON BOARD OF TRADE

BEFORE THE

SUB-COMMITTEE ON HEALTH CARE, DISTRICT OF COLUMBIA,
CENSUS AND THE NATIONAL

HOUSE OVERSIGHT AND GOVERNMENT REFORM COMMITTEE

MAY 12, 2011

Mr. Chairman, members of the Committee, thank you for the opportunity to testify this morning. I represent the Greater Washington Board of Trade – the business community of the District of Columbia, Northern Virginia and suburban Maryland. While your focus is on oversight of the District of Columbia, there is no denying that much of this vibrant region is interconnected. Our concern is when the District of Columbia falters, the entire region gets affected.

Currently, the District is gaining real ground in education attainment and public safety. Mayor Gray is advancing the right agenda and showing real progress in these areas and more. He has assembled a very strong team and is committed to making Washington a world-class city. What has changed is the financial outlook – less reserves, a concern over the bond rating and no sign of restraint in spending.

The economic challenges of the past several years took its toll on Greater Washington – to a lesser extent in most cases, but still the times were not good. While the revenues declined, the District continued to spend. Over 600 different “fees” were created or increased in the recent budgets in order to increase spending – and we see it again in the current budget proposal advanced by Mayor Gray. Only this time, the fees include outright taxes and little indication of an ability to wean off Stimulus spending. In fact, spending will continue to climb under this budget – at a time when every other jurisdiction across the country is tightening the belt.

Yes, there are programs targeted for reductions, including several that make the news. What doesn’t seem to gain attention is the fact that tax increases and continued spending increases will choke innovation, expansion and growth at a time when we need it most.

A “combined reporting” tax has been proposed, ostensibly to increase revenues by taxing a portion of gains made in other states by companies with a presence in the District. Aside from being an administrative nightmare, and from discouraging businesses from locating here, we testified to the District Council that combined reporting will likely cause a drop in revenues in coming years. As I mentioned, this region has done better than most other places during the past several years. Combining our income statements with those of other places would average out to our loss. So it is with businesses. Greater Washington is 22% professional services by industry sector: law firms, architecture firms, accounting firms and more. Combining the reporting of a law firm here with their other offices in Arizona, Florida, Illinois and California would create a loss to District revenues. A loss.

We testified to that concern because we believe the current budget proposal is not completely thought through. If the revenues predicated on a tax increase do not come through as expected, we can expect another assault on businesses. Instead of cutting the size of government, as virtually every city and state has been doing, the District continues to spend – requiring an increase in revenues from businesses. This is not sustainable. It is not healthy for growth and will continue to accumulate difficult situations that will need to be addressed at some time.

Now is the best time to stop, before this budget is adopted. Stop now before Wall Street lowers the District's bond rating. Stop now because this is the only jurisdiction continuing to increase spending year-over-year.

As the Oversight Committee, we commend your review of this budget proposal and hope that you can help ensure a fiscally sound approach that does not continue to grow the size of government at the expense of business.

Committee on Oversight and Government Reform
Witness Disclosure Requirement – "Truth in Testimony"
Required by House Rule XI, Clause 2(g)(5)

Name: James C. Dinegar, CAE

1. Please list any federal grants or contracts (including subgrants or subcontracts) you have received since October 1, 2008. Include the source and amount of each grant or contract.

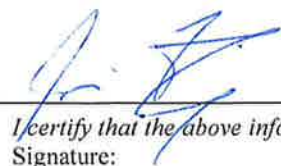
None

2. Please list any entity you are testifying on behalf of and briefly describe your relationship with these entities.

President and CEO, Greater Washington Board of Trade

3. Please list any federal grants or contracts (including subgrants or subcontracts) received since October 1, 2008, by the entity(ies) you listed above. Include the source and amount of each grant or contract.

None


Signature:

5/9/11

Date:



GREATER WASHINGTON

Board of Trade

Growing Business, Building Community.

James C. Dinegar, CAE

President & CEO

Greater Washington Board of Trade

Jim Dinegar joined the Greater Washington Board of Trade as president and chief executive officer in July 2006. As president and CEO, Dinegar oversees an organization that represents major business interests throughout Northern Virginia, the District of Columbia and Suburban Maryland.

The Board of Trade puts its focus on the critical issues facing the Greater Washington Region: transportation; emergency preparedness and business continuity; green as a competitive advantage; and the workforce in regards to recruiting and retaining highly qualified people.

The Board of Trade is steadily growing in size and influence as it celebrates its 122nd year of existence. Throughout its history, the Board of Trade has been instrumental in creating and protecting the environs of Greater Washington for the population and business.

Before coming to the Board of Trade, Jim Dinegar served as chief operating officer of the American Institute for Architects (AIA) where he was responsible for the overall operation of a 77,000-member organization and directed strategic efforts in the areas of education, technology, international collaboration, organizational alliances and government advocacy. During his six-year tenure, Dinegar oversaw the growth of annual revenues by more than \$20 million – from \$34 million in 1999 to over \$56 million for the 2006 budget – always resulting in net operating profits.

Dinegar is a 30-year resident of the Greater Washington region. He is a graduate of The Catholic University of America in Washington, D.C., and he resides in Arlington, Virginia.